


**CITY COUNCIL ACTION REQUEST**

<b>Department(s):</b> CMO	<b>Date:</b> 5/21/14	<b>Coordination:</b> Sacramento Legislative Advocate, Police Dept., and City Attorney Office	<b>Dept. Approval:</b> /s/ Betsy Shotwell  <b>CMO Approval:</b> 
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**SUBJECT: STATE MENTAL HEALTH PARITY ENFORCEMENT BUDGET ACT**

**RECOMMENDED POSITION: SUPPORT**

**RECOMMENDED ACTION:**

1. Adopt a position of support for the State Mental Health Parity Enforcement Act.
2. Recommend a one-week turnaround to the City Council so that the City's legislative representative can advocate the City's support for the Mental Health Parity Enforcement Act.

**SYNOPSIS:**

As Chair of the State Senate Select Committee on Mental Health, Senator Jim Beall has introduced the "Mental Health Parity Enforcement Budget Act" (MHPEBA). Mental health parity generally refers to the concept that health insurance coverage for mental health services should be offered on par with covered medical and surgical benefits. State and federal parity laws now require mental health and substance use treatment benefits equivalent to medical and surgical benefits to end the discrimination against people with mental and substance abuse disorders. However, according to the measure's author, "compliance with state laws continues to be problematic. Despite the passage of parity laws, only 60 % of people suffering from mental illness and 10% of people needing substance use disorder services have access to treatment." Furthermore, in California enforcement is complaint driven requiring the patient to register a complaint through a complaint process which is analyzed by the state every three years.

This budgetary proposal changes a reactive method of enforcement to a proactive system that prevents unjustified denials of service. Instead of relying on patients to register complaints with their insurer, the act would require plans to submit annual reports to the Department of Managed Health Care (DMHC) and the California Department of Insurance (CDI) to certify that they are complying with state and federal mental health parity laws. The MHPEBA would add a new source of data for enforcement, improve consumer and provider transparency, adopt national standards and require health insurers to submit documented evidence, such as surveys of consumers and providers, to demonstrate they are complying with the law.

According to the CDI and DMHC, their combined cost of implementing this proposal are estimated at \$ 321,000 with annual costs for the State of at least \$269,000 for ongoing review of filed reports. Costs could exceed this amount depending on plan compliance, consumer complaints, and enforcement actions.

## **IMPACTS TO CITY OF SAN JOSE:**

It is estimated that this budgetary proposal will save cities significant money as a result of diverted fire and police responses. Senior law enforcement officers from California who participated in a national survey published in 2011 said dealing with mentally ill ate up precious time that could have been devoted to crime fighting:

- 64 % said they dispatched to respond because of the public's inability to effectively refer the mentally ill person to a treatment program.
- 67% said they spent between one to four hours on each case.

Savings to the criminal system is why law enforcement agencies including the California Police Chief's Association support this proposal. As stated by the CA Police Chief's Association: "Mental health services have critical public safety dimensions; put simply, person who are successfully treated for mental health disorders today are unlikely to come to the attention of the criminal justice system in the future." According to the measure's author, "studies have revealed that for every dollar spent on substance use disorder treatment, California saves \$7 in criminal justice, law enforcement, health and social services, and other state costs."

San José is the largest city in Santa Clara County and is responsible for over half of the County's mental health emergency and suicide related calls for service. The San José Police Department believes that the proposed program will improve access and services for the mentally ill in our community and will also help reduce costs associated with emergency room and jail admissions.

## **POLICY ALIGNMENT:**

From the 2014 Legislative Guiding Principles s adopted by the City Council on January 14, 2014: "Support efforts to keep San José safe". Implementation of stronger enforcement laws to implement mental health and substance use parity are necessary to ensure people get the treatment they deserve and provide a tool to help keep individuals out of the criminal justice system.

## **SUPPORTERS/OPPONENTS:**

Support: (*Partial listing*): Senate Pro Tem Darrell Steinberg/California Insurance Commissioner Dave Jones (Sponsors); California Police Chiefs Association; County of Santa Clara; Behavioral Health Contractors' Association of Santa Clara County; Cities Association of Santa Clara County ; Family & Children Services of Silicon Valley.

## **STATUS:**

The proposed SMHPE Budget Act is currently pending before Senate Budget and Fiscal Review Committee in Subcommittee No. 3 on Health and Human Services and in Assembly Budget Committee in Subcommittee No. 1 on Health and Human Services. The Budget Subcommittees will complete their budget actions and send their recommendations to the full Senate and Assembly Budget Committees and on the Floors of each house so a two-house budget conference committee can be appointed to resolve differences between the houses. The Legislature must pass the Budget Bill by midnight June 15.

**FOR QUESTIONS CONTACT:** Betsy Shotwell, Intergovernmental Relations at (408) 535-8270